

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

TESSERA, INC.,

Plaintiff,

v.

ADVANCED MICRO DEVICES, INC.;
SPANSION, LLC; SPANSION, INC;
SPANSION TECHNOLOGY, INC.;
ADVANCED SEMICONDUCTOR
ENGINEERING, INC.; ASE (U.S.),
INC.; CHIPMOS TECHNOLOGIES, INC.;
CHIPMOS U.S.A., INC.; SILICONWARE
PRECISION INDUSTRIES CO., LTD.;
SILICONWARE USA, INC.;
STMICROELECTRONICS N.V.;
STMICROELECTRONICS, INC.; STATS
CHIPPAC, INC.; STATS CHIPPAC
(BVI), LTD.; and STATS CHIPPAC,
LTD.,

Defendants.

AND ALL RELATED COUNTERCLAIMS

No. C 05-4063 CW

ORDER DENYING
MOTION FOR RELIEF
FROM THE SPECIAL
MASTER'S DECEMBER
18, 2012 RULING
(Docket No. 1140)

Defendants STMicroelectronics, Inc. and STMicroelectronics
N.V. (collectively, ST Defendants) move for relief from an oral
order issued by the Special Master on December 18, 2012, regarding
ST Defendants' motion for partial reconsideration of the Special
Master's November 19, 2012 order on their motion to compel further
answers to certain interrogatories, for preclusion and for a

1 protective order. The Court considers Defendants' objections de
2 novo and DENIES the motion (Docket No. 1140).¹

3 ST Defendants seek relief from the Special Master's order on
4 three bases. First, ST Defendants argue that the Special Master
5 improperly "concluded that Tessera could proceed on" a purportedly
6 unplead theory of breach of the license agreement between the
7 parties. Objection 1. In the motion for partial reconsideration,
8 ST Defendants asked that the Special Master "require Tessera to
9 provide a proper response to Interrogatory No. 21 [subpart (i)] or
10 alternatively, to preclude Tessera from presenting any breach of
11 confidence theory in any dispositive motion or trial." Sandrock
12 Decl., Ex. J, 5. ST Defendants argued that Tessera's
13 interrogatory response was improper because it was overly
14 voluminous and did not comply with California Code of Civil
15 Procedure section 2019.210 or the Special Master's prior orders.
16 Id. at 3-5. They sought preclusion as a sanction for the
17 purported discovery violation. Id. at 5 (citing FormFactor, Inc.
18 v. Micro-Probe, Inc., 2012 U.S. Dist. LEXIS 62233, at *12-15 (N.D.
19 Cal.)).

20 In their objection, ST Defendants argue that the Special
21 Master erred by failing to preclude Tessera from proceeding on a
22 breach of confidence theory because it was not properly plead or
23 asserted in the case and Tessera did not seek leave to amend to
24 _____

25 ¹ Pursuant to the December 15, 2006 Order Appointing the
26 Special Master and Civil Local Rule 72-2, unless otherwise ordered
27 by the Court, "no response need be filed and no hearing will be
28 held concerning the motion." ST Defendants request a hearing on
the motion but provide no reason that one should be held. Having
considered the papers filed by ST Defendants, the Court declines
to require a response or set a hearing.

1 allege it. However, this was not what ST Defendants based their
2 preclusion argument on before the Special Master, and the Special
3 Master made no holding that the theory was properly plead,
4 asserted or at issue in the case. Instead, he determined that the
5 documents sought in Interrogatory No. 21(i) were not relevant to
6 that theory.

7 Second, ST Defendants contend that the Special Master erred
8 in concluding that California Code of Civil Procedure section
9 2019.210 did not apply. Under section 2019.210, in "any action
10 alleging the misappropriation of a trade secret under the Uniform
11 Trade Secrets Act. . . , before commencing discovery relating to
12 the trade secret, the party alleging the misappropriation shall
13 identify the trade secret with reasonable particularity." ST
14 Defendants argue that, because California law defines
15 misappropriation to include "'disclosure or use of a trade secret
16 of another without express or implied consent by a person who
17 . . . at the time of disclosure or use, knew or had reason to know
18 that his or her knowledge of the trade secret was . . . acquired
19 under circumstances giving rise to a duty to maintain its secrecy
20 or limit its use,'" some courts have found this section applicable
21 "not only to theft of trade secrets but also to disclosure of
22 [trade] secrets in violation of a nondisclosure agreement."

1 Neothermia Corp. v. Rubicor Med., Inc., 345 F. Supp. 2d 1042, 1044
2 (N.D. Cal. 2004) (quoting Cal. Civ. Code § 3426.1(b)(2)(B)(ii)).²

3 ST Defendants argue that the Special Master erroneously found
4 that section 2019.210 did not apply because he improperly
5 concluded that Tessera could establish a breach of contract by
6 showing that ST Defendants "transmitted a document marked as
7 confidential to an unlicensed entity, even if the information
8 contained therein was not confidential." Objection 3. ST
9 Defendants argue that this was an unreasonable reading of the
10 license agreement. While it is true that the Special Master
11 stated that the claim as asserted by Tessera was not dependent on
12 the material in fact being confidential--a term which appears to
13 have been left undefined in the licensing agreement--and only on
14 it being marked as such, the Special Master found that section
15 2019.210 was not implicated because "trade secrets" were not at
16 issue in this claim. Although here ST Defendants argue that
17 Tessera must show that the material was in fact confidential, they
18 have not presented any argument that Tessera must show that the
19 information consisted of "trade secrets," a term that has a
20 particular meaning in the context of this statute, or that this
21 claim is based on an allegation that ST Defendants disclosed or
22 misused Tessera's "trade secrets." See Cal. Civ. Code § 3426.1(d)

23
24 ² The Court notes that the Ninth Circuit has not resolved
25 whether section 2019.210 applies in actions in federal courts and
26 that district courts within California have reached different
27 conclusions on its applicability. See SocialApps, LLC v. Zynga,
28 Inc., 2012 U.S. Dist. LEXIS 82767, at *4-6 (N.D. Cal.) (collecting
cases). As discussed below, because ST Defendants did not provide
the complete record necessary for review, it is not clear whether
Tessera disputed the direct application of section 2019.210 in
federal court.

1 (setting forth a definition of trade secret). Thus, ST
2 Defendants' reliance on Neothermia is unavailing; in that case,
3 the plaintiff asserted that the defendant had wrongfully disclosed
4 its trade secrets in violation of a nondisclosure agreement. 345
5 F. Supp. 2d at 1044.

6 Finally, ST Defendants contend that the Special Master erred
7 in declining to strike topic two of Tessera's deposition notice,
8 which provides, "Tessera Confidential Information that was in Your
9 possession prior to transmission by Tessera, was received by You
10 from [an] independent legal source, was independently developed by
11 You, or entered the public domain through no fault of You."
12 Sandrock Decl., Ex. I, 6. Before the Special Master, ST
13 Defendants argued that this topic should be stricken because it
14 "is improper for Tessera to place the burden on the ST Defendants
15 to identify what information is not confidential from among
16 Tessera's overbroad list." Sandrock Decl., Ex. J, 5. Here, ST
17 Defendants argue that "Topic 2 improperly shifts the burden to ST
18 to identify what from among Tessera's mountain of allegedly
19 confidential information was 'independently developed' or 'in the
20 public domain.'" Objection, 5.

21 However, as the Special Master explained, this deposition
22 topic does not contemplate ST Defendants' witness identifying what
23 specific documents were or were not confidential or agreeing with
24 Tessera that the documents it identified were actually
25 confidential. Rather, it is directed to whether ST Defendants had
26 the documents identified by Tessera, where or from whom they got
27 them, and what they did with them. The Special Master recognized
28 that ST Defendants' witness may not be able to answer specifically

1 as to each document, and would instead likely discuss the general
2 procedures for handling the documents and whether they were
3 complied with, and Tessera agreed that the witness would not need
4 to be able to answer "a question of what happened to every single
5 document." Sandroek Decl., Ex. M, 37:22-41:23. That ST
6 Defendants might be asked about their acquisition or use of
7 information that Tessera believes to be confidential during a
8 deposition does not shift to them the burden to prove any element
9 of the claim.

10 In addition to the grounds set forth above, the Court denies
11 ST Defendants' motion in its entirety for failure to comply with
12 the December 15, 2006 order appointing the Special Master. That
13 order provides that any party filing an objection or motion
14 seeking review of the Special Master's order

15 shall submit with such objection or motion any record
16 necessary for the Court to review the Special Master's
17 order, report, and/or recommendation, including any
18 transcripts of proceedings before the Special Master and
19 any documents submitted by the parties in connection
with the Special Master's order, report, and/or
recommendation. Failure to provide the record shall
constitute grounds for the Court to overrule the
objection or deny the motion.

20 Docket No. 354, ¶ 6.3. During the hearing before the Special
21 Master, multiple references were made to a letter brief filed by
22 Tessera with the Special Master. See Sandroek Decl., Ex. M,
23 34:5-36:16, 44:18-23. ST Defendants, however, have not provided
24 the Court with Tessera's letter brief. Further, although ST
25 Defendants seek relief from an order denying a motion for partial
26 reconsideration of an earlier order, they have not provided any
27 documents that the parties submitted to the Special Master in
28 connection with the original order. ST Defendants have failed to

1 provide the record necessary for a full review. For this
2 alternative reason, the Court denies their motion.

3 Accordingly, ST Defendants' motion for relief is DENIED
4 (Docket No. 1140) and the Special Master's December 18, 2012 oral
5 ruling is AFFIRMED.

6 IT IS SO ORDERED.

7
8 Dated: 1/18/2013


CLAUDIA WILKEN
United States District Judge